

Housing starts likely to rebound, analyst says

BY DOYLE FOX, THE STARPHOENIX FEBRUARY 18, 2010

Saskatoon's housing sector declined on a number of fronts last year, but analysts believe it will increase slowly and steadily in the near future.

Canada Mortgage and Housing Corp. (CMHC) held a conference Wednesday on the "Road to Recovery" in Saskatchewan's housing market.

Richard Corriveau, CMHC's market analysis centre manager, said there were 1,485 single-family starts in Saskatoon in 2007, a number that dropped to 1,101 in 2009. He expects a full rebound in single-family starts in Saskatoon.

Multi-family starts decreased even more, Corriveau noted. There were 1,081 starts in 2008, but that number dropped to 327 in 2009. He believes the number will increase to at least 375 units in 2010 and even more in 2011.

Alan Wallace, manager of neighbourhood planning and development for the City of Saskatoon, said housing starts are down because of scarce availability of contractors and builders.

"Even if we had land and we had funding, we just couldn't find the builders and contractors to get the housing constructed," said Wallace.

Corriveau said Saskatoon's level of building permits played a significant role in the declining housing sector in 2009.

"The decline is on the back of a very strong performance in 2008," said Corriveau.

In 2008, more than \$900 million worth of building permits were issued, but that number had dropped to less than \$700 million by 2009, said Corriveau.

However, he said the number of immigrants coming to Saskatoon should help the housing industry. Of the roughly 10,000 immigrants expected to come to Saskatoon in the near future, about 4,000 will make Saskatoon home and 2,500 are expected to live in Regina.

He said the economy is growing and net in-migration will continue to support housing demand.

Meanwhile, the vacancy rate has remained a steady 1.9 per cent since 2008, but CMHC market analyst Pete Korogonas believes it will jump to three per cent in 2010.

"The vacancy rates declined and this resulted in a higher year-over-year rent," said Korogonas

He said renters in 2007 were paying an average of \$693 for a two-bedroom apartment -- a number that jumped to \$905 in 2009. Rent for an average two-bedroom apartment is expected to reach at least \$915 in 2010.

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